

# Renewable Government Energy Aggregation (R-GEA) Program Overview for

## Township of Teaneck

### June 2022

Consultants:

Gabel Associates, Inc.

[www.gabelassociates.com](http://www.gabelassociates.com)



# R-GEA:

## How does it work?

- R-GEA programs are implemented under the State's Government Energy Aggregation (GEA) law and Board of Public Utilities (BPU) rules.
- The GEA law allows a municipality to pool its residents together to create 'purchasing power' and obtain power supply at a better price, and under more favorable terms and conditions, than residents could obtain when shopping on their own.
- Municipality must pass an ordinance (or referendum) to establish a GEA Program, sign an agreement with the local utility and conduct a public, competitive bid process.
- Draft bid documents are submitted to the BPU and Division of Rate Counsel for review, to assure compliance with the BPU's rules.
- BPU rules allow municipalities to include an enhanced renewable energy product in the power supply procured under a GEA program; these programs are generally referred to as 'R-GEA.'

# Benefits of an R-GEA Program

- Aggregate purchasing power creates competition and purchasing power that residents would not have on their own.
- Aggregate purchasing power provides residents access to power supply with substantially higher renewable energy content at a price that is competitive with default power supply.
- State 'Renewable Portfolio Standard' (RPS) mandates a required amount of renewable energy content for all suppliers, including PSE&G default supply service. RPS is currently 24.5% and is mandated to increase over time (see Appendix).
  - Amount of 'extra' renewable energy content for a R-GEA is determined by municipality, which has full discretion.
  - Sustainable Jersey has endorsed products that have an additional 10% ,and 20% renewable energy, which is 34.5% or nearly double the content of PSE&G supply currently at 44.5% vs. 24.5% renewable mandated for PSE&G supply.
  - Municipalities can opt for higher renewable content; trade-off against price.

# Benefits of the R-GEA (cont'd)

- Consumer Protections:
  - Municipality manages risk by designing the contract and bid specifications to protect consumers. Large pool of customers creates interest on the part of suppliers even if contract is more 'consumer-friendly' than typical supplier contract.
  - Contract terms are reviewed by BPU and Rate Counsel.
  - The price is established and known for the full contract term; no 'bait and switch' on price; no 'market-based' variable prices; no hidden fees.
  - Length of contract is specifically defined.
  - No fine print for customers to worry about.
  - Contract allows residents to opt-out and switch back to PSE&G power supply or another third-party supplier at any time without penalty or fees.

# Benefits of the R-GEA(cont'd)

- Transparency: customers are fully informed of price, power supply content and terms and conditions.
- Customer Choice: Customers may opt out at any time (at beginning prior to enrollment or any time during contract) with no exit fee.
- No Hassle: Third party supplier charge shows up on PSE&G bill- no change.
- Local purchasing control
  - Currently the utility, through a wholesale auction overseen by the State, selects the contract length, supplier and the energy content for residential accounts they serve.
  - R-GEA program allows the municipality to shop on behalf of the residents and to customize the product and contract terms.
- Dozens of municipalities across NJ have explored and implemented GEA programs since 2012. The vast majority of towns that have implemented a GEA program have moved forward to continue the program after the first contract expired. Growing trend toward R-GEA consistent with sustainability goals of State and individual municipalities.

# Who is Gabel Associates?

- Gabel Associates is an independent energy consulting firm and State-registered energy agent that assists municipalities with the implementation of GEA programs.
- We are not affiliated with any retail energy supplier. Gabel works for the municipality, impartially assists with the implementation of the competitive bid process for energy supply and selection of the winning bidder, and is available to answer questions from municipality residents and assist with opt-outs or opt-ins.
- If residents have any questions regarding their GEA program, or want to opt-out or opt-in, they can contact Gabel Associates for assistance via toll-free telephone number, email help-desk or internet platform.
- Gabel has worked with NJ towns to implement GEA programs since the inception of GEA in the state. Client examples include Maplewood, Verona, Montclair, Glen Ridge, Livingston, South Orange, Glen Rock, Plainsboro, Princeton, Monroe, Manchester, Plumsted and Lacey.

# R-GEA Program: Anticipated Timeline

- A typical R-GEA implementation takes six months from passage of an ordinance (or referendum) until residents commence service with a new supplier.
- Pre-Bid: Municipality passes an ordinance (or referendum) and signs an agreement with the utility; aggregate usage profile is obtained from utility; the RFP is prepared; BPU and Division of Rate Counsel review RFP to ensure BU rule compliance.
- Bid: The RFP is circulated to suppliers and a two-phase bid process is followed:
  - Suppliers substantiate themselves as viable bidders and raise questions on RFP content.
  - Suppliers submit price proposals at a predetermined time on a day that coincides with a council meeting; if the governing body chooses to award, energy market volatility necessitates a same day decision.
- Post-Bid: Program and opt-out educational documentation and participant list(s) are prepared; supplier mails program and opt-out materials and enrolls participants; utility sends enrollment confirmation to residents prior to program start.

# TCEA Program: Anticipated Timeline

Below you'll find an anticipated TCEA timeline with important dates:

Teaneck Community Energy Aggregation Program (TCEA)		
	Action Item	Teaneck
1	Bid Award	<b>Tuesday, August 9, 2022</b>
2	Opt-Out Letters Mailed	Wednesday, September 7, 2022
3	Long Form FAQ	Wednesday, September 7, 2022
4	Upload Program Information, Long-Form FAQs and Proofs of Mailing on Borough Website(s)	Wednesday, September 7, 2022
5	Public Information Session (Week of)	Wednesday, September 21, 2022
6	30 Day Opt-Out Period Ends	Friday, October 7, 2022
7	Enrollment notification letter mailed by PSE&G on / around:	Monday, October 17, 2022
8	Service Commences	<b>Tuesday, November 1, 2022</b>



# Overview of R-GEA:

## How does it work for participants?

- If and when a contract award is made by the Township, supplier mails a Notification Package to all residential customers in the Township except: 1) already on 3<sup>rd</sup> party supply; 2) existing solar panel system on home; 3) residents who requested to be placed on a 'Do Not Disturb' list.
- The Notification Package includes a short introductory letter, a Program Summary table, and a 1-page FAQs. The package also includes an 'opt-out' card and business reply envelope. Example documents from a recent R-GEA program:



**Plainsboro Community Energy Aggregation Program Summary**

<b>Direct Energy Services Information:</b>	Direct Energy Services, LLC (BPU License # ESE-0076) Toll Free Telephone Number: 1-866-968-8065 Website: <a href="http://directenergy.com/newjersey">directenergy.com/newjersey</a> Address: P O Box 180, Tulsa, OK 74101 Email Address: <a href="mailto:info@directenergy.com">info@directenergy.com</a>
<b>Price Structure:</b>	Non-Variable Price <sup>1</sup>
<b>Generation/Supply Price:</b>	\$0.10977 per kilowatt-hour (KWh)
<b>Statement Regarding Savings:</b>	The contract supply price is more than 10% below the current average PSE&G tariff supply price. With anticipated reductions in the PSE&G tariff price, this was projected savings for the typical Township resident are estimated at about \$140 over the contract term versus the average PSE&G tariff price-to-consumers. For budget billing details, see footnote below <sup>2</sup> .
<b>Amount of Time Required to Change Back to Default Service or Another TPP:</b>	The request to switch out of the PCEA program will become effective on the next available meter read date in accordance with processes implemented by PSE&G.
<b>Incentives:</b>	Power supply for all participants includes over 40% Renewable Energy content.
<b>Right to Opt Out / Reconsider:</b>	You will be automatically enrolled in the PCEA program unless you submit an "opt-out" request during the 30-day opt-out period, which ends May 8, 2019. If you choose to "opt out", please sign and return the enclosed postage-paid card, call Direct Energy toll-free at 1-866-968-8065 or submit via email at <a href="mailto:optout@directenergy.com">optout@directenergy.com</a> by May 8, 2019. If you do not opt out by May 8, 2019 you will be enrolled, however, you may still leave the PCEA program at any time thereafter. <sup>1</sup> You may also opt out through the Township's Energy Concierge at <a href="http://www.plainsboro.com/CEA">www.plainsboro.com/CEA</a> or <a href="mailto:PCEA@plainsboro.com">PCEA@plainsboro.com</a> .
<b>Program Start Date:</b>	Service will begin with your June 2019 meter read date.
<b>Program Term/Length:</b>	16 months, until your October 2020 meter read date.
<b>Cancellation/Early Termination:</b>	None. You can opt out at any time, with no penalty or cancellation fee.
<b>Renewal Terms:</b>	No automatic roll-over or renewal. If a new contract is awarded by the Township, you will be notified, provided a new Program Summary, and will again be given the opportunity to participate in the program or opt out. If you are not contacted by the Township, program participants will be returned to PSE&G supply service in October 2020.
<b>PSE&amp;G Contact Information:</b>	Toll-Free Telephone Number: 800-426-PSE&G (7734)

Para obtener esta información en Español por favor llame al número: 1-866-968-8065

Residents receiving this notice who are outside the geographic boundaries of Plainsboro, please contact Direct Energy to be removed from the program. Plainsboro residents who do not receive this notice are permitted to join the program any time.



# Overview of R-GEA: Opt-Out Information

- All residents included in the initial eligibility list have the option to “Opt-Out” of the program. “Opt-out” is fast and easy. Residents can “opt-out” by returning an “opt-out” card in the mail, contacting Supplier by phone or email, or contacting Gabel by email or visiting Gabel’s website.
- The initial opt-out period concludes in 30 days. Residents who opt-out before the opt-out period ends will not be enrolled in the program.
- If residents do not opt-out within the 30-day opt-out period, their account will be enrolled by the supplier for the meter read date set for the program start. Supplier enrollment will occur after the 30-day opt-out period ends.
- Even after the initial enrollment, if residents change their mind they may opt-out at ANY time during the contract without penalty or termination fee.

# Overview of R-GEA: Residents Removed from the Initial Pool of Eligible Customers

- Residents with existing third-party supply contract or existing solar will be excluded from the initial eligibility pool and will not receive the mailing. These residents may still participate in the program, by deciding to 'opt-in' to R-GEA, *however:*
- Customers with their own third - party supply contract are urged to first:
  - Compare prices and renewable energy content.
  - Carefully read their existing contract language to check for early termination fees (unlike the R-GEA program which prohibits termination fees, some third-party supply contracts include provisions for early termination penalties).
- Customers with solar panels are urged to first review their PSE&G bills and/or discuss with their solar vendor whether their solar system does or will rely upon net-metering and banking of monthly 'over-production.' If so, resident is likely better off remaining on PSE&G supply rather than participating in the R-GEA or having any other third-party supply contract.

# R-GEA Recap/Facts

- An R-GEA contract is only awarded if the governing body determines, in its sole discretion, that the price results from the competitive bid meet their threshold and are beneficial. Typical threshold: price for higher renewable content comes in at or below the average PSE&G tariff supply price for default supply service over the contract period. However, State rules allow a municipality to award a contract at a price higher than the PSE&G tariff, if the renewable content is higher than PSE&G's power supply; this is at the municipality's discretion, depending upon the program priorities.
- Sustainable Jersey-endorsed product for R-GEA would provide 10% or 20% more renewal energy content than currently required in NJ
  - 34.5% or 44.5% renewable energy content, the latter which is nearly double the current renewable content of PSE&G supply). Product was endorsed as balancing of content and price impact. Higher renewable content permissible under rules; municipality's discretion.
  - Some towns have included a voluntary, 'Opt-Up' 100% renewable product, at a price premium, for individuals to select that more impactful product at their discretion.

# R-GEA Recap/Facts (Cont'd)

- All residents (except those who currently have a third-party supplier or who have an installed solar system) are automatically included in the R-GEA program, subject to an open-ended ability to opt-out.
- Residents may opt out at any time without penalty and will be removed from the program.
  - If residents opt-out before the end of the 30 day opt-out period, they will be removed from the eligibility list and will not be enrolled.
  - Opt-outs occurring after the end of the opt-out period take effect at the next available PSE&G meter read date.
- The contract price is 'non-variable.' Supplier cannot vary prices monthly, adjust prices for changed market conditions, or change the rate after an initial 'teaser' period.

## R-GEA Recap/Facts (Cont'd)

- Participating residents receive a separate notice from PSE&G informing them that the supplier has enrolled their account and the new supplier will be reflected on their PSE&G bill. **No further action is required for those who wish to participate.**
- Residents will still receive **one** bill for electricity; the third party supplier's energy cost will be included on a PSE&G bill in place of the PSE&G power supply line item.
- PSE&G will continue to provide the delivery of power and reliability. In the case of a power outage, a resident would still reach out to PSE&G to have power restored at 800-436-7734 (PSEG).
- **Residents who have budget billing (Equal Payment Plan) arrangements with PSE&G will still be able to obtain budget billing for power supply charges.**
- **There will be no effect on financial assistance received (LIHEAP, etc.) on PSE&G bills.**

# Thank You

## Questions?

- ▶ Consultants:
- ▶ Gabel Associates, Inc.
- ▶ [www.gabelassociates.com](http://www.gabelassociates.com)

# Appendix

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# Renewable Portfolio Standards - Percentages

## § 14:8-2.3 Amount of renewable energy required

(a) Each supplier/provider, as defined at N.J.A.C. 14:8-1.2, that sells electricity to retail customers in New Jersey, shall ensure that the electricity it sells each energy year in New Jersey includes at least the minimum amount of qualified renewable energy required for that energy year, as specified in this section. Requirements for class I, class II, SRECs, and TRECs are set forth in Table A below:

Table A						Table A (Continued)					
What Percentage of Energy Supplied Must Be TRECs, SRECs, Class I, or Class II Renewable Energy						What Percentage of Energy Supplied Must Be TRECs, SRECs, Class I, or Class II Renewable Energy					
Energy Year	TRECs	SRECs	Class I	Class II	Total	Energy Year	TRECs	SRECs	Class I	Class II	Total
June 1, 2020 - May 31, 2021	based on retail sales	5.10%	21.00%	2.50%	23.50%	June 1, 2027 - May 31, 2028	based on retail sales	3.74%	44.00%	2.50%	46.50%
June 1, 2021 - May 31, 2022	based on retail sales	5.10%	21.00%	2.50%	23.50%	June 1, 2028 - May 31, 2029	based on retail sales	3.07%	47.00%	2.50%	49.50%
June 1, 2022 - May 31, 2023	based on retail sales	5.10%	22.00%	2.50%	24.50%	June 1, 2029 - May 31, 2030	based on retail sales	2.21%	50.00%	2.50%	52.50%
June 1, 2023 - May 31, 2024	based on retail sales	4.90%	27.00%	2.50%	29.50%	June 1, 2030 - May 31, 2031	based on retail sales	1.58%	50.00%	2.50%	52.50%
June 1, 2024 - May 31, 2025	based on retail sales	4.80%	35.00%	2.50%	37.50%	June 1, 2031 - May 31, 2032	based on retail sales	1.40%	50.00%	2.50%	52.50%
June 1, 2025 - May 31, 2026	based on retail sales	4.50%	38.00%	2.50%	40.50%	June 1, 2032 - May 31, 2033	based on retail sales	1.10%	50.00%	2.50%	52.50%
June 1, 2026 - May 31, 2027	based on retail sales	4.35%	41.00%	2.50%	43.50%						

# Renewable Portfolio Standards - Class 1 and Class 2 Renewable Sources

## NJ Class 1 Renewable Sources:

- Solar Technologies
- Photovoltaic Technologies
- Wind Energy
- Fuel cells powered by renewable fuels
- Geothermal Technologies
- Wave or tidal action
- Methane Gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner.
- In state hydroelectric facilities < 3 MW placed in service after 7/23/21

## NJ Class 2 Renewable Sources:

- Resource recovery facility subject to qualification
- Small hydropower facility (less than 30 MW)

# Renewable Portfolio Standards - Notes

- SRECs are a subset of Class 1 Renewable Energy. When you sum up the total you only add Class 1 + Class 2. When you figure out the required non-solar Class I requirement, you take the total Class 1 requirement and subtract the solar. (ex. current compliance year: total Class I requirement 21%, less 5.1% solar requirement = 15.9% PJM Class I RECs). Therefore, total requirement = 15.9% Class 1 + 2.5% Class 2 + 5.1% SREC = 23.5% total renewable
- Geographic Eligibility: Energy shall be generated within or delivered into the PJM Region. If the latter, the energy must have been generated at a facility that commenced construction on or after January 1, 2003. Solar resources must be connected with distribution grid serving NJ.
- Transition Renewable Energy Certificates (TRECs) are created in New Jersey to provide incentives for all solar facilities approved under the Transition Incentive (TI) Program. The Solar Incentives NJ platform allows homeowners and aggregators to obtain payments from the electric utilities in NJ for generation reported to GATS.